

news release**Senate Select Committee
on Intelligence**

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JUNE 19, 1986CONTACT: DAVE HOLLIDAY
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RECPT # Record

Senator Dave Durenberger (R-Minn), Chairman of the Senate Select Committee on Intelligence, today issued the following statement concerning funds voted by Congress for the Nicaraguan democratic resistance:

"In July 1985, the Congress voted \$27 million for humanitarian assistance to the Nicaraguan democratic resistance, to be obligated before March 31, 1986. By Executive Order, the President created the Nicaraguan Humanitarian Assistance Office (NHAO) to administer those funds. According to a recent report by the President to the Congress, those funds have been fully obligated, though not yet fully disbursed, as they are being husbanded to provide food for the resistance forces pending Congressional action on the President's proposal for new funding.

"In administering these funds, NHAO faced a formidable task. U.S. Government agencies that might have provided logistic support and monitoring capabilities were excluded by law from playing a role in the administration of the funds, and restricted solely to providing intelligence reports on deliveries.

"Because of political sensitivities, NHAO was not permitted to have its own representatives in Central America, nor could it maintain its own bank accounts to pay Central American suppliers directly in the local currencies.

"To surmount these obstacles, NHAO devised a system of detailed record-keeping and payments to U.S. and Central American suppliers either directly or through their designated agents. In the case of regional suppliers, payments were made for the most part through dollar bank accounts in Miami.

"Since December 1985, at the request of the Congress, the General Accounting Office has conducted an ongoing audit of NHAO's operations, an effort to which NHAO has given fullest cooperation. This audit intensified in recent weeks, again at the request of the Congress. GAO has testified on their findings before the House of Representatives, making no accusations of wrongdoing but raising questions on which others have chosen to speculate.

"Over the past year, the Senate Intelligence Committee has called several times on the Director of NHAO, Ambassador Robert Duemling, to explain the operations of his office. His most recent appearance, before the Committee staff, was on June 13. On June 17, representatives of the GAO appeared. The subject of testimony on both occasions was current allegations concerning NHAO's administration of the funds.

"From this NHAO and GAO testimony, I have drawn the following conclusions:

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- NHAO's practice of paying suppliers through Miami bank accounts is legitimate and reasonable. I concur with NHAO's view that payments to these accounts for goods and services received complete the transactions, and that there is no basis for asking suppliers to explain how they utilize these funds after they have been received in exchange for supplies;
- The GAO's inquiry has turned up no proof of wrongdoing or mishandling of funds. I note that the GAO has been very careful to testify that its inquiry raised questions but did not provide answers;
- While NHAO's ability to monitor the delivery of humanitarian assistance in the region is limited, all available evidence supports the conclusion that the aid, as Congress intended, is getting through. Most importantly, the leaders of the resistance have pronounced themselves fully satisfied on this score;
- Unfounded speculation and innuendo have done a grave disservice to honorable people in both the United States and Central America, people without whose support and cooperation this program could not have been realized. In some cases, imprudent disclosures may have placed lives in danger;

"Finally, I would like to commend the efforts of Ambassador Duemling and his staff. Duemling is an outstanding public servant who has labored effectively to implement the will of the Congress under difficult and trying conditions. He has been unfailingly responsive to the oversight concerns of the Congress. He and his staff deserve the support and thanks of Congress and the American people."

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